



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 10/15/2004

GAIN Report Number: NL4030

Netherlands

Frozen Potato Products

Annual

2004

Approved by:

Roger Wentzel

U.S. Embassy, The Hague

Prepared by:

Marcel Pinckaers

Report Highlights:

This year, Dutch production of potatoes is back to the level of 2002 and prices are estimated to be lower. Since output of frozen processed products will be unchanged, the import of potatoes is estimated lower. The industry's focus will remain on the European market. Export markets outside the EU are increasing slowly.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
The Hague [NL1]
[NL]

Table of Contents

Production 4

Processing 5

Industry 5

Consumption..... 6

Trade..... 7

PSD Table

Country	Netherlands						
Commodity	Potato Products, Frozen				(MT)(MT, Net Weight)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA	Post	USDA	Post	USDA	Post	
	Official	Estimate	Official	Estimate	Official	Estimate	
	[Old]	[New]	[Old]	[New]	[Old]	[New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Deliv. To Processors	3,544,765	3,390,400	2,712,621	3,321,337	-	3,400,000	(MT)
Beginning Stocks	145,000	125,000	120,000	3,513	100,000	2,044	(MT, Net Weight)
Production	1,293,700	1,358,300	990,000	1,370,376	-	1,390,000	(MT, Net Weight)
Imports	50,000	155,469	125,000	137,790	-	122,000	(MT, Net Weight)
TOTAL SUPPLY	1,488,700	1,638,769	1,235,000	1,511,679	100,000	1,514,044	(MT, Net Weight)
Exports	1,143,700	1,385,256	915,000	1,274,635	-	1,295,000	(MT, Net Weight)
Domestic Consumption	225,000	250,000	220,000	235,000	-	219,044	(MT, Net Weight)
Ending Stocks	120,000	3,513	100,000	2,044	-	-	(MT, Net Weight)
TOTAL DISTRIBUTION	1,488,700	1,638,769	1,235,000	1,511,679	-	1,514,044	(MT, Net Weight)

Source: World Trade Atlas

NOTE:

- Production, Import and Export numbers are product weight numbers (pre-fried potato products).
- Consumption numbers are based on per capita consumption (Dutch industries estimates that 85% of given consumption numbers represent consumption of French fries).

Exchange Rate		
Year	U.S. \$	EURO
2001	1	1.12
2002	1	1.06
2003	1	0.88
2004	1	0.82

Note: For 2004 exchange rate is only available for the first nine months

Production

The harvested acreage of potatoes is estimated this year at 161,280 hectares, 2 percent more than last year. This estimate is based on actual planted acreage; the historical average of harvested acres is ninety-seven percent and no deviations are expected for this year.

Total potato production in the Netherlands includes the production of starch, consumption and seed potatoes. The harvested acreage, yield and total production for the various potato types are shown in table 1.

Table 1: Harvested Acreage for Starch, Consumption and Seed Potatoes

	Year	Harvested Acreage (Ha)	Yield Kg/Hectare	Total Production Metric Tons
Total Potatoes	2001	161,665	43,400	7,015,253
	2002	164,308	44,800	7,362,738
	2003	158,518	40,808	6,468,762
	2004*	161,280	46,100	7,435,008
Seed Potatoes (sandy and peat soil)	2001	5,974	33,900	202,659
	2002	4,809	30,400	146,204
	2003	3,855	33,000	127,236
	2004*	3,624	31,312	113,474
Seed Potatoes (clay)	2001	32,772	35,800	1,173,953
	2002	33,939	35,000	1,188,754
	2003	35,420	36,100	1,279,786
	2004*	36,307	36,050	1,308,867
Consumption Potatoes (sandy and peat soil)	2001	20,752	50,400	1,046,493
	2002	26,319	50,800	1,336,877
	2003	21,964	45,900	1,007,499
	2004*	21,792	52,324	1,140,245
Consumption Potatoes (clay)	2001	54,298	46,900	2,545,292
	2002	50,643	51,500	2,610,554
	2003	48,485	46,000	2,232,445
	2004*	50,807	53,045	2,695,057
Starch Potatoes (all)	2001	47,869	42,800	2,046,856
	2002	48,598	42,800	2,080,359
	2003	48,794	37,300	1,821,796
	2004*	48,750	44,084	2,149,095

*Preliminary figures Source: Central Bureau of Statistics, 2004

The yield per hectare of potatoes is expected this year to be 46 MT, 12 percent higher than last year. The yield of consumption potatoes is expected to increase by roughly fifteen percent compared to 2003. Due to drought and high temperatures in 2003, there were fewer potatoes and harvested potatoes were smaller.

The total production of potatoes in the Netherlands is expected this year to be 7.4 million MT, 10 percent higher than last year. The main potato growing area is the Rijn-Maas-Schelde delta in the south.

Of total production of potatoes in the Netherlands in 2003, almost 6.5 million MT, one third (2.2 million MT) has been used for further processing. In addition, slightly over 1.15 million MT potatoes were imported. Imports come from neighboring Germany and Belgium. Imports are needed to fully utilize processing capacity of french fry processors.

Processing

The forecast volume of potatoes (raw material) used for processing for 2004, is 3.3 million MT. The production of pre-fried products is estimated to be 1.37 million MT, based on actual Jan-Aug production figures (similar to 2003 figures).

Table 2: Output of Potato Products, 1,000 MT

	2001	2002	2003	2004*
Pre-fried products	1,382	1,326	1,358	1,370
Other products	140	191	348	338
Total potato products	1,522	1,517	1,706	1,708

*FAS estimates

Source: Dutch Potato Processors' Association

In 2003, the total volume of potatoes used for processing was 3.4 million MT. The production of pre-fried products was 1.36 million MT (product weight).

Industry

The global production of french fries is dominated by North American companies, which account for two thirds of the production. **Cosun**-owned **Aviko** and **Farm Frites** are the only Dutch-based global french fry concerns. Among Dutch french fry producers, the **McCain** joint venture, **Lamb Weston/Meijer**, along with the strategic alliance **Simplot/Farm Frites** and **Cosun's Aviko** account for 96 percent of all production. Agristo, Al-food and Oerlemans account for the remaining 4 percent.

Table 3: Global Market Share of the Top 4 French Fry Producers

Company	Global Market Share
McCain	28%
Lamb Weston / Meijer	20%
Simplot / Farm Frites	11% / 5%
Aviko	6%
Other	30%

Source: Magazine Boerderij/Akkerbouw, 2002

In order to supply increasing demand for french fries in Southern Europe and Central and Eastern Europe, the industry is expanding processing capacity, though further expansion is unlikely in the Netherlands. Due to the high cost of transport, locations for new french fry

plants are generally established close to production areas of potatoes. The potato production area is in slow decline in the Netherlands, and potato processing facilities here already operate at full capacity. Industry expansion and new processing capacity is gravitating southward to supply growing demand in the Mediterranean countries. Other investments are being made outside the European Union (EU), or in countries like Poland to meet the growing demand in Central and Eastern Europe.

Consumption

The Dutch french fry industry depends heavily on the following three consumer markets: the UK, Germany and France. These three markets buy over 60 percent of Dutch french fries. New opportunities have arisen in the Southern European countries Spain and Portugal.

Quick service restaurants are spreading across Southern Europe and french fries usually form part of menus ordered at these outlets.

Figure 1: Leading Food Service Formats in Europe



Source: USDA The Hague, 2004

In the Netherlands, the per capita consumption of pre fried products is approximately 15 kg per year (or 30 kg of raw material). In addition, the Dutch eat on average another 50 kg fresh per year. The UK and Ireland have the highest per capita consumption of potatoes and potato products in Europe. Growth is still expected in the Southern and Eastern European countries.

Trade

The Netherlands is the largest pre-fried potato products exporter in the world, followed by Canada and the USA. Total export volume increased by 2 percent from 1.36 million MT in 2002 to 1.39 million MT in 2003. Over 85 percent of total production is exported. Almost 90 percent within the EU, the remaining 10 percent is exported to Russia, Brazil and Central and Eastern European Countries. Export markets outside the EU are increasing slowly.

Export Trade Matrix

Country Netherlands

Commodity Potato Products, Frozen

Time Period	Jan.-Dec.	Units:	Metric Tons
Exports for:	2002		2003
U.S.	3,446	U.S.	5,174
Others		Others	
UK	398,309	UK	414,353
Germany	276,719	Germany	279,914
France	218,602	France	193,802
Spain	67,630	Spain	74,076
Italy	37,547	Italy	54,121
Belgium	52,021	Belgium	45,727
Sweden	30,594	Sweden	42,325
Ireland	39,785	Ireland	39,824
Saudi Arabia	31,008	Saudi Arabia	36,844
Denmark	291,80	Denmark	25,374
Total for Others	1,181,395		1,206,360
Others not Listed	173,687		173,722
Grand Total	1,358,528		1,385,256

Source: World Trade Atlas

NOTE: Dutch industries estimate that 85 percent of pre-fried potato products are french fries

NOTE: Exports of Dutch products may be somewhat lower since export figures may capture products produced in neighboring countries as well.

The export opportunities of US products in the EU are determined by (1) the product availability in Europe, (2) the production and transportation costs and (3) the exchange rate. The Office of Agricultural Affairs expects that for the coming year export opportunities for US french fries will have to be found in markets outside the EU.

HS Code	Tariff
20041010	http://www.douane.nl/taric - nl/aktueel/M/S4/C20/Chapter_20_7FS.htm
20052080	http://www.douane.nl/taric - nl/aktueel/M/S4/C20/Chapter_20_10FS.htm